

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE:

Adopt Resolution Supporting AB 2351 Regarding Changes to the Mandatory

Minimum Penalty Provisions of Section 13385 of the Water Code

MEETING DATE:

May 1, 2002

PREPARED BY:

Public Works Director

RECOMMENDED ACTION: That the City Council review Assembly Bill 2351 concerning changes to

the mandatory minimum penalty portion of the Water Code and adopt a

resolution supporting the bill.

BACKGROUND INFORMATION:

Assembly Member Canciamilla recently introduced Assembly Bill 2351 which would modify the mandatory minimum penalty portion of the Water Code. The bill could affect the White Slough Water Pollution Control Facility. A copy of the bill is attached with changes

shown in italics and strikeouts.

If enacted as proposed, the bill would provide much-needed reform of the mandatory minimum penalty law. Section 13385 of the Water Code, formerly known as SB709, has placed unfair penalties on public agencies for violations caused by technical or unavoidable exceedances outside our control. Current law requires the Regional Water Quality Control Board to assess penalties even if they agree the violation was unavoidable and had no water quality impact. AB 2351 would restore some discretion to the state regulators while retaining the mandatory nature of current law.

FUNDING:

Not applicable.

Richard C. Prima. Public Works Director

RCP/DK/mg

attachment

Randy Hays, City Attorney

Fran E. Forkas, Water/Wastewater Superintendent

Del Kerlin, Assistant Wastewater Treatment Superintendent

APPROVED: H. Dixon Flynn City Manager

AB2351CouncilCom

04/23/02



California Association of Sanitation Agencies 925 L Street, Suite 1400 Sacramento, CA 95814



League of California Cities 1400 K Street, 4th Floor Sacramento, CA 95814

INFORMATION SHEET AB 2351 (CANCIAMILLA)

What would AB 2351 do?

AB 2351 would revise the Mandatory Minimum Penalty (MMP) provisions of the Water Code to ensure that municipalities and other NPDES-permit holders are not unfairly penalized for violations that could not have been prevented and have minimal or no effect on water quality. AB 2351 is co-sponsored by the League of California Cities and the California Association of Sanitation Agencies.

Specifically, the bill would:

- (1) Exempt from mandatory minimum penalties violations that occur due to start-up of new or refurbished treatment.
- (2) Define "single operational occurrence" to exceed a single day
- (3) Expand the opportunity to use Supplemental Environmental Projects (SEPs) beyond the first \$3,000 penalty.
- (4) Allow a regional board to waive or reduce MMPs if the board makes specific findings.
- (5) Add clarity/specificity with regard to the due process and procedure for imposing the penalties.
- (6) Make other technical and clarifying changes.

Why is the bill needed?

In the past, occasional violations of NPDES permits carried penalties only if there was a public health or water quality impact, or if the violation represented a systemic problem at the wastewater treatment plant. Senate Bill 709, or the Clean Water Enforcement and Pollution Prevention Act of 1999, became law on January 1, 2000. The law *requires* that the regional water quality control boards assess penalties for specified violations — the regional boards do not have any discretion. There are effluent limitations in many permits that cannot be met 100% of the time, and certain violations that do not pose a public health or environmental threat. Regional board officials have acknowledged that many of the financial penalties for permit violations are being imposed only to comply

with the mandatory minimum penalty law, and that these discharges have little or no water quality impact

Many local public agencies have been hit with sizeable mandatory penalties. AB 2351 would maintain mandatory penalties for most violations, but allow exceptions where the imposition of penalties would be unfair or overly burdensome.

Will AB 2351 diminish water quality?

No. The sources of water quality impairments in California are diverse and include nonpoint sources such as agricultural, forestry, and urban dry weather and storm water runoff, residential onsite sewage disposal systems, and boats and marinas, and point sources such as industrial discharges and municipal publicly owned treatment works (POTWs). The vast majority of water pollution today comes not from municipal wastewater treatment plants and industry but from untreated urban and agricultural runoff. Mandatory penalties, however, are assessed only against municipal wastewater treatment plants and industry, without regard to the environmental impact of the violations.

Why is additional discretion needed?

The State and regional water boards would retain their existing discretionary authority to assess civil penalties against violators of up to \$10,000 per day. AB 2351 would also maintain the mandatory nature of the penalties for many violations. The bill would categorically exempt from **mandatory** penalties only those violations that are unavoidable or have little or no effect on water quality.

In addition, to ensure due process and avoid unjustly penalizing permit holders, the bill would also allow the regional board members, appointed by the Governor, to waive or reduce penalties where appropriate. The regional board would make specific findings to support its decision.

Who supports AB 2351?

AB 2351 is co-sponsored by the League of California Cities and the California Association of Sanitation Agencies (CASA). The League and CASA represent local public agencies that have been assessed sizeable mandatory penalties for violations resulting from treatment process start-ups and treatment plant upsets outside their control. The League and CASA support fair, firm and consistent enforcement of water quality laws, and seek to address harsh impacts on local agencies that are an unintended result of the strict operation of the law.

RESOLUTION NO. 2002-83

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LODI EXPRESSING ITS SUPPORT OF ASSEMBLY BILL 2351 (CANCIAMILLA)

WHEREAS, it is the responsibility of the California State Regional Water Quality Control Board to insure Water Code provisions are met; and

WHEREAS, it is the responsibility of local governments, such as the City of Lodi, to manage, treat, and dispose of sewage to insure those provisions are met; and

WHEREAS, effluent limitations in many permits cannot be met 100% of the time and Regional Board officials acknowledge that many violations for which penalties are imposed have little or no water quality impact; and

WHEREAS, Assembly Bill 2351 (Canciamilla) restores some discretion to the State Regional Water Quality Control Board in imposing mandatory minimum penalties for violations caused by unavoidable circumstances.

NOW, THEREFORE, BE IT RESOLVED, by the Lodi City Council, that it strongly supports Assembly Bill 2351 (Canciamilla) as it modifies unfair or overly burdensome mandatory penalties while maintaining firm and consistent enforcement of water quality laws.

Dated: May 1, 2002

I hereby certify that Resolution No. 2002-83 was passed and adopted by the City Council of the City of Lodi in a regular meeting held May 1, 2002 by the following vote:

AYES: COUNCIL MEMBERS - Hitchcock, Howard, Land, Nakanishi, and

Mayor Pennino

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS - None

SUSAN J. BLACKSTON

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City Clerk

No. 2351

Introduced by Assembly Member Canciamilla

February 21, 2002

An act to amend Section 13385 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST AB 2351, as introduced, Canciamilla. Water quality: civil liability.

(1) Existing law, the Porter-Cologne Water Quality Control Act, subjects persons who violate various provisions of the act or the federal Clean Water Act to certain civil penalties, including a mandatory minimum penalty of \$3000 for the first serious violation, as defined, and each additional serious violation in any 6-month period. The act, under certain circumstances, authorizes the State Water Resources Control Board or a California regional water quality control board, in

Control Board or a California regional water quality control board, in lieu of assessing the penalty applicable to the first serious violation, to elect to require the discharger to spend an amount equal to the penalty for a supplemental environmental project in accordance with the enforcement policy of the state board and any applicable guidance document or to develop a pollution prevention plan.

This bill, instead, would authorize the state board or a regional board, in lieu of assessing that mandatory minimum penalty, to elect to require the discharger to spend up to the amount of the penalty for a supplemental environmental project or to develop a pollution

prevention plan.

(2) The act requires the state board and the regional boards, for the purposes of carrying out these civil liability provisions, to construe a single operational upset that leads to simultaneous violations of more than one pollutant parameter as a single violation.

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This bill would require those agencies to construe a single operational occurrence that leads to violations of one or more pollutant parameters, even if the occurrence lasts for more than one day, as a single violation.

(3) The act provides that the requirements relating to the imposition of mandatory minimum penalties do not apply to certain types of violations.

This bill also would make mandatory minimum penalties inapplicable to violations caused by the operation of a new or reconstructed wastewater treatment plant unit or process during a defined period of adjusting or testing if certain requirements are met, or, under certain circumstances, to violations of effluent limitations for chlorine.

(4) The bill would impose requirements with regard to the hearing held for the purpose of imposing civil liability pursuant to these provisions and would authorize the state board or a regional board to waive the imposition of, or reduce the amount of, mandatory minimum penalties if certain requirements are met.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 13385 of the Water Code is amended to 2 read:
- 3 13385. (a) Any person who violates any of the following 4 shall be liable civilly in accordance with this section:
 - (1) Section 13375 or 13376.

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- (2) Any waste discharge requirements or dredged and fill 7 material permit.
 - (3) Any requirements established pursuant to Section 13383.
- (4) Any order or prohibition issued pursuant to Section 13243 10
 - or Article 1 (commencing with Section 13300) of Chapter 5, if the activity subject to the order or prohibition is subject to regulation
- 12 under this chapter.
- 13 (5) Any requirements of Section 301, 302, 306, 307, 308, 318, 14 or 405 of the Clean Water Act, as amended.
- 15 (6) Any requirement imposed in a pretreatment program
- 16 approved pursuant to waste discharge requirements issued under

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Section 13377 or approved pursuant to a permit issued by the administrator.

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- (b) Civil liability may be imposed by the superior court in an amount not to exceed the sum of both of the following:
- (1) Twenty-five thousand dollars (\$25,000) for each day in which the violation occurs.
- (2) Where there is a discharge, any portion of which is not susceptible to cleanup or is not cleaned up, and the volume discharged but not cleaned up exceeds 1,000 gallons, an additional liability not to exceed twenty-five dollars (\$25) multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons.

The Attorney General, upon request of a regional board or the state board, shall petition the superior court to impose the liability.

- (c) Civil liability may be imposed administratively by the state 16 board or a regional board pursuant to Article 2.5 (commencing with Section 13323) of Chapter 5 in an amount not to exceed the sum of both of the following:
 - (1) Ten thousand dollars (\$10,000) for each day in which the violation occurs.
 - (2) Where there is a discharge, any portion of which is not susceptible to cleanup or is not cleaned up, and the volume discharged but not cleaned up exceeds 1,000 gallons, an additional liability not to exceed ten dollars (\$10) multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons.
- (d) For purposes of subdivisions (b) and (c), the term "discharge" includes any discharge to navigable waters of the United States, any introduction of pollutants into a publicly owned 29 30 treatment works, or any use or disposal of sewage sludge.
 - (e) In determining the amount of any liability imposed under this section, the regional board, the state board, or the superior court, as the case may be, shall take into account the nature, circumstances, extent, and gravity of the violation or violations, whether the discharge is susceptible to cleanup or abatement, the degree of toxicity of the discharge, and, with respect to the violator, the ability to pay, the effect on its ability to continue its business, any voluntary cleanup efforts undertaken, any prior history of violations, the degree of culpability, economic benefit or savings, if any, resulting from the violation, and other matters

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that justice may require. At a minimum, liability shall be assessed at a level that recovers the economic benefits, if any, derived from the acts that constitute the violation.

- (f) For purposes of this section, a single operational upset occurrence that leads to simultaneous violations of more than one or more pollutant-parameter parameters, even if the occurrence lasts for more than one day, shall be treated as a single violation.
- (g) Remedies under this section are in addition to, and do not supersede or limit, any other remedies, civil or criminal, except that no liability shall be recoverable under Section 13261, 13265, 13268, or 13350 for violations for which liability is recovered under this section.
- (h) (1) Notwithstanding any other provision of this division, and except as provided in subdivisions (j) and (k), and (m), a mandatory minimum penalty of three thousand dollars (\$3,000) shall be assessed for the first serious violation and each additional serious violation in any period of six consecutive months, except that if no serious violation has occurred in the prior six months, the state board or regional board, in lieu of assessing the penalty applicable to the first serious violation, may elect to require the discharger to spend an amount equal to up to the amount of the penalty for a supplemental environmental project in accordance with the enforcement policy of the state board and any applicable guidance document, or to develop a pollution prevention plan. H the state board or regional board elects to require the discharger to carry out a supplemental environmental project or develop a pollution prevention plan pursuant to this subdivision, a mandatory minimum penalty of three thousand dollars (\$3,000) shall be assessed for each additional serious violation in the six-month period that began with the violation that was waived in lieu of the supplemental environmental project or pollution prevention plan.
- (2) For the purposes of this section, the following terms have the following meanings:
- 35 (A) A "serious violation" means any waste discharge that 36 exceeds the effluent limitations contained in the applicable waste 37 discharge requirements for a Group II pollutant, as specified in 38 Appendix A to Section 123.45 of Title 40 of the Code of Federal 39 Regulations, by 20 percent or more or for a Group I pollutant, as

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specified in Appendix A to Section 123.45 of Title 40 of the Code of Federal Regulations, by 40 percent or more.

- (B) A "supplemental environmental project" means an environmentally beneficial project that a person agrees to undertake, with the approval of the regional board, that would not be undertaken in the absence of an enforcement action under Section 13385.
- (C) A "period of six consecutive months" means the period beginning on the day following the date on which a serious violation or one of the violations described in subdivision (i) occurs and ending 180 days after that date.
- (i) Notwithstanding any other provision of this division, and except as provided in subdivisions (j) and, (k), and (m), a mandatory minimum penalty of three thousand dollars (\$3,000) shall be assessed for each violation whenever the person does any of the following four or more times in any period of six consecutive months, except that the requirement to assess the mandatory minimum penalty shall not be applicable to the first three violations:
- 20 (1) Exceeds Violates a waste discharge requirement effluent 21 limitation.
 - (2) Fails to file a report pursuant to Section 13260.
 - (3) Files an incomplete report pursuant to Section 13260.
 - (4) Exceeds Violates a toxicity discharge limitation contained in the applicable waste discharge requirements where the waste discharge requirements do not contain pollutant-specific effluent limitations for toxic pollutants.
 - (j) Subdivisions (h) and (i) do not apply to any of the following:
 - (1) A violation caused by one or any combination of the following:
 - (A) An act of war.

- (B) An unanticipated, grave natural disaster or other natural phenomenon of an exceptional, inevitable, and irresistible character, the effects of which could not have been prevented or avoided by the exercise of due care or foresight.
- 36 (C) An intentional act of a third party, the effects of which 37 could not have been prevented or avoided by the exercise of due 38 care or foresight.
- 39 (D) A bypass of a treatment facility located in the County of 40 Los Angeles during the 2001 calendar year if the applicable waste

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discharge requirements incorporate a provision for the bypass, and that bypass meets the conditions set forth in Section 122.41 (m)(4) of Title 40 of the Code of Federal Regulations and any more stringent conditions incorporated into the waste discharge requirements and the bypass has been approved by the regional board as meeting those conditions.

- (E) The operation of a new or reconstructed wastewater treatment plant unit or process during a defined period of adjusting or testing, if all of the following requirements are met:
- 10 (i) The regional board has been notified in advance of the 11 operation, including the estimated time, not to exceed 180 days, 12 required for the adjustment or testing.
 - (ii) The regional board determines that the operation during that defined period was the cause of the violation.
 - (iii) The regional board determines that reasonable, good faith efforts were made to avoid the violation.
 - (2) (A) Except as provided in subparagraph (B), a violation of an effluent limitation where the waste discharge is in compliance with either a cease and desist order issued pursuant to Section 13301 or a time schedule order issued pursuant to Section 13300, if all of the following requirements are met:
 - (i) The cease and desist order or time schedule order is issued after January 1, 1995, but not later than July 1, 2000, specifies the actions that the discharger is required to take in order to correct the violations that would otherwise be subject to subdivisions (h) and (i), and the date by which compliance is required to be achieved and, if the final date by which compliance is required to be achieved is later than one year from the effective date of the cease and desist order or time schedule order, specifies the interim requirements by which progress toward compliance will be measured and the date by which the discharger will be in compliance with each interim requirement.
 - (ii) The discharger has prepared and is implementing in a timely and proper manner, or is required by the regional board to prepare and implement, a pollution prevention plan that meets the requirements of Section 13263.3.
 - (iii) The discharger demonstrates that it has carried out all reasonable and immediately feasible actions to reduce noncompliance with the waste discharge requirements applicable

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to the waste discharge and the executive officer of the regional board concurs with the demonstration.

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- (B) Subdivisions (h) and (i) shall become applicable to a waste discharge on the date the waste discharge requirements applicable to the waste discharge are revised and reissued pursuant to Section 13380, unless the regional board does all of the following on or before that date:
- (i) Modifies the requirements of the cease and desist order or time schedule order as may be necessary to make it fully consistent with the reissued waste discharge requirements.
- (ii) Establishes in the modified cease and desist order or time schedule order a date by which full compliance with the reissued waste discharge requirements shall be achieved. For the purposes of this subdivision, the regional board may not establish this date later than five years from the date the waste discharge 16 requirements were required to be reviewed pursuant to Section 13380. If the reissued waste discharge requirements do not add new effluent limitations or do not include effluent limitations that are more stringent than those in the original waste discharge requirements, the date shall be the same as the final date for compliance in the original cease and desist order or time schedule order or five years from the date that the waste discharge requirements were required to be reviewed pursuant to Section 13380, whichever is earlier.
 - (iii) Determines that the pollution prevention plan required by clause (ii) of subparagraph (A) is in compliance with the requirements of Section 13263.3 and that the discharger is implementing the pollution prevention plan in a timely and proper manner.
 - (3) A violation of an effluent limitation where the waste discharge is in compliance with either a cease and desist order issued pursuant to Section 13301 or a time schedule order issued pursuant to Section 13300, if all of the following requirements are met:
 - (A) The cease and desist order or time schedule order is issued on or after July 1, 2000, and specifies the actions that the discharger is required to take in order to correct the violations that would otherwise be subject to subdivisions (h) and (i).
 - (B) The regional board finds that, for one of the following reasons, the discharger is not able to consistently comply with one

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or more of the effluent limitations established in the waste discharge requirements applicable to the waste discharge:

- (i) The effluent limitation is a new, more stringent, or modified regulatory requirement that has become applicable to the waste discharge after the effective date of the waste discharge requirements and after July 1, 2000, new or modified control measures are necessary in order to comply with the effluent limitation, and the new or modified control measures cannot be designed, installed, and put into operation within 30 calendar days.
- (ii) New methods for detecting or measuring a pollutant in the waste discharge demonstrate that new or modified control measures are necessary in order to comply with the effluent limitation and the new or modified control measures cannot be designed, installed, and put into operation within 30 calendar days.
- (iii) Unanticipated changes in the quality of the municipal or industrial water supply available to the discharger are the cause of unavoidable changes in the composition of the waste discharge, the changes in the composition of the waste discharge are the cause of the inability to comply with the effluent limitation, no alternative water supply is reasonably available to the discharger, and new or modified measures to control the composition of the waste discharge cannot be designed, installed, and put into operation within 30 calendar days.
- (C) The regional board establishes a time schedule for bringing the waste discharge into compliance with the effluent limitation that is as short as possible, taking into account the technological, operational, and economic factors that affect the design, development, and implementation of the control measures that are necessary to comply with the effluent limitation. For the purposes of this subdivision, the time schedule may not exceed five years in length. If the time schedule exceeds one year from the effective date of the order, the schedule shall include interim requirements and the dates for their achievement. The interim requirements shall include both of the following:
- 35 (i) Effluent limitations for the pollutant or pollutants of 36 concern.
- 37 (ii) Actions and milestones leading to compliance with the 38 effluent limitation.
- 39 (D) The discharger has prepared and is implementing in a 40 timely and proper manner, or is required by the regional board to

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prepare and implement, a pollution prevention plan pursuant to Section 13263.3.

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- (4) A violation of an effluent limitation of zero for chlorine residual occurring during continuous monitoring, if the waste discharge requirements do not include frequency and magnitude thresholds qualifying the zero limitation, except that a violation of any of the following thresholds is subject to subdivisions (h) and (i):
 - (A) More than 3.3 milligrams per liter for any period of time.
 - (B) More than zero for more than 23.3 percent of any one day.
- (C) More than zero for more than 5.2 percent of any one-week period.
- (D) More than zero for more than 2.4 percent of any one-month period.
- (k) In lieu of assessing all or a portion of the mandatory minimum penalties pursuant to subdivisions (h) and (i) against a POTW serving a small community, as defined by subdivision (b) of Section 79084, the state board or the regional board may elect to require the POTW to spend an equivalent amount toward the completion of a compliance project proposed by the POTW, if the state or regional board finds all of the following:
- (1) The compliance project is designed to correct the violations within five years.
- (2) The compliance project is in accordance with the enforcement policy of the state board.
- (3) The POTW has demonstrated that it has sufficient funding to complete the compliance project.
- (1) The hearing in response to the complaint for the administrative imposition of civil liability pursuant to this section shall provide for a reasonable opportunity for the person accused to meaningfully present issues relevant to the allegations in the complaint. If the person served with the complaint anticipates that the time for presentation of evidence may reasonably exceed 30 minutes, the person may request the matter be referred to a panel of the regional board in accordance with Section 13223, or by stipulation to a hearing officer, to alleviate the potential congestion of the agenda. The hearing shall be governed by Chapter 1.5 of Division 3 of Title 23 of the California Code of 39 Regulations.

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(m) (1) The state board or a regional board may waive the imposition of, or reduce the amount of, the penalty for any violation described in subdivision (h) or (i), with or without the use of a supplemental environmental project or pollution prevention plan, if the state board or a regional board determines, by a 5 majority vote of all of its members, that justice requires the waiver or reduction based upon one or more of the factors specified in 7 subdivision (e). In making this determination, the state board or a regional board shall identify the factor or factors and the supporting facts underlying its determination. 10

- (2) Notwithstanding subdivision (e), for the purposes of reducing the amount of a penalty pursuant to this subdivision, the state board or a regional board need not assess liability at a level 14 that recovers the economic benefits, if any, derived from the acts that constitute the violation.
 - (n) The Attorney General, upon request of a regional board or the state board, shall petition the appropriate court to collect any liability or penalty imposed pursuant to this section. Any person who fails to pay on a timely basis any liability or penalty imposed under this section shall be required to pay, in addition to that liability or penalty, interest, attorneys' fees, costs for collection proceedings, and a quarterly nonpayment penalty for each quarter during which the failure to pay persists. The nonpayment penalty shall be in an amount equal to 20 percent of the aggregate amount of the person's penalty and nonpayment penalties that are unpaid as of the beginning of the quarter.

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(o) Funds collected pursuant to this section shall be deposited in the State Water Pollution Cleanup and Abatement Account.

- 31 (p) (1) The state board shall report annually to the Legislature 32 regarding its enforcement activities. The reports shall include all of the following: 33
 - (A) A compilation of the number of violations of waste discharge requirements in the previous year.
 - (B) A record of the formal and informal compliance and enforcement actions taken for each violation.
- 37 (C) An analysis of the effectiveness of current enforcement 38 policies, including mandatory minimum penalties. 39

1 (D) Recommendations, if any, necessary for improvements to 2 the enforcement program in the following year.

(2) The report shall be submitted to the Chairperson of the Assembly Committee on Environmental Safety and Toxic Materials and the Chairperson of the Senate Committee on Environmental Quality on or before March 1, 2001, and annually thereafter.